

DISCLOSURE OF ADDITIONAL INFORMATION**Directors' interests or short positions in shares and share options**

As at 30 June 2005, the interests and short positions of the directors and chief executives of the Company in the shares and share options of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long position

(a) Ordinary shares of HK\$0.01 each of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Directors			
Mr. Lam Ping Kei	Held by controlled corporation (note 1)	702,000,000	48.75%
Ms. Wong Choi Fung	Held by controlled corporation (note 2)	228,000,000	15.83%
		<u>930,000,000</u>	<u>64.58%</u>

(b) Share options

Name	Capacity	Number of options held	Number of underlying shares
Directors			
Mr. Law Wai Fai	Beneficial owner	14,000,000	14,000,000
Ms. Lam Chu Ying	Beneficial owner	8,000,000	8,000,000
Mr. Yeung Kwong Lun	Beneficial owner	4,000,000	4,000,000
		<u>26,000,000</u>	<u>26,000,000</u>

DISCLOSURE OF ADDITIONAL INFORMATION**Directors' interests or short positions in shares and share options** *(continued)**Notes:*

1. These ordinary shares are owned by Super Giant Assets Limited ("Super Giant"), a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of Super Giant is beneficially owned by Mr. Lam Ping Kei.
2. These ordinary shares are owned by Fastmath Assets Limited ("Fastmath"), a company incorporated in the BVI. The entire issued share capital of Fastmath is beneficially owned by Ms. Wong Choi Fung.

Save as disclosed above, none of the other directors, chief executives and their associates, had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2005.

Share option scheme

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Option Scheme became effective on 18 September 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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Share option scheme (continued)

The following were details of options outstanding under the Option Scheme and movements during the Period:

Name or category of participant	Date of grant of share options *	Number of share options				At 30 June 2005	Exercise period of share options	Exercise price of share options **
		At 1 January 2005	Granted during the Period	Exercised during the Period	Cancelled during the Period			
Directors								
Mr. Law Wai Fai	28 November 2002	14,000,000	-	-	-	14,000,000	18 December 2002 to 17 December 2005	0.348
Ms. Lam Chu Ying	28 November 2002	8,000,000	-	-	-	8,000,000	18 December 2002 to 17 December 2005	0.348
Mr. Yeung Kwong Lun	28 November 2002	4,000,000	-	-	-	4,000,000	18 December 2002 to 17 December 2005	0.348
		<u>26,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000,000</u>		
Other employees, in aggregate								
	28 November 2002	12,980,000	-	-	(2,360,000)	10,620,000	18 December 2002 to 17 December 2005	0.348
	25 January 2005	-	4,150,000	-	-	4,150,000	25 January 2005 to 24 January 2010	0.342
	25 January 2005	-	6,225,000	-	-	6,225,000	25 January 2006 to 24 January 2010	0.342
	25 January 2005	-	8,300,000	-	-	8,300,000	25 January 2007 to 24 January 2010	0.342
	25 January 2005	-	10,375,000	-	-	10,375,000	25 January 2008 to 24 January 2010	0.342
	25 January 2005	-	12,450,000	-	-	12,450,000	25 January 2009 to 24 January 2010	0.342
		<u>38,980,000</u>	<u>41,500,000</u>	<u>-</u>	<u>(2,360,000)</u>	<u>78,120,000</u>		

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of a capitalisation issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

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Directors' rights to acquire shares or debentures

Saved as disclosed under the paragraph headed "Directors' interests or short positions in shares and share options" and "share option scheme" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders

As at 30 June 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Super Giant	Beneficial owner	702,000,000	48.75%
Fastmath	Beneficial owner	228,000,000	15.83%
Webb David Michael	Beneficial owner	72,076,000	5.01%
		<u>1,002,076,000</u>	<u>69.59%</u>

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 30 June 2005.

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2005.

DISCLOSURE OF ADDITIONAL INFORMATION

Code on Corporate Governance Practices

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2005, except for certain deviations from code provisions A.1.3, A.2.1, A.4.1, A.4.2, B.1.1, C.3.3 and E.2.1. The deviations mainly concern the notice of regular board meetings, segregation of duties between Chairman and Chief Executive Officer ("CEO"), term of service of independent non-executive directors, rotation of directors, the terms of reference of the remuneration committee and audit committee and voting by poll. The major areas of deviation are as follows:

1. Appointments, Re-election and Removal of Directors

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Some of the Independent Non-executive Directors ("INEDs") of the Company had no fixed term of office during the Period, but all of them have to retire from office on a rotational basis in accordance with the relevant provision of the Articles of Association ("Articles") of the Company. According to the Articles, at each annual general meeting ("AGM") of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, should retire from office by rotation, provided that no Director holding office as chairman or deputy chairman or the office of managing director or joint managing director shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following AGM and would then be eligible for re-election at the meeting.

To fully comply with the Code Provision A.4.1, the term of office of all the INEDs was specified for one year with effect from 1 September 2005, but subject to the relevant provisions of the Articles or any other applicable laws whereby the Directors shall vacate or retire from their office.

DISCLOSURE OF ADDITIONAL INFORMATION

Code on Corporate Governance Practices *(continued)*

2. Committees

Code Provision B.1.1 stipulates that a remuneration committee should be established with specific written terms of reference which deal clearly with its authority and duties. Code Provision C.3.3 stipulates that the terms of reference of the audit committee should include, as a minimum, those specific duties as set out in the respective provisions.

Prior to June 2005 the Company did not have a remuneration committee and the Audit Committee of the Company did not have clear terms of reference.

Since June 2005 the Company has complied with the above code provisions by setting up a remuneration committee with specific written terms of reference which are of no less exacting terms than those stipulated in Code Provision B.1.3; and by setting specific written terms of reference for the Audit Committee which are of no less exacting terms than those stipulated in Code Provision C3.3. Following the Recommended Best Practices the Company has also set up a nomination committee with specific written terms of reference which are of no less exacting terms than those stipulated in Provision A.4.5.

3. Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual.

Mr. Lam Ping Kei is the Chairman of the Board, who also serves the function of a CEO. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively.

4. Voting by Poll

The Company had on a few occasions failed to disclose in its circulars to shareholders of the procedures for and the rights of shareholders to demand a poll as stipulated in Code Provision E.2.1. The Company will make its best effort to ensure full compliance in this regard in future.

DISCLOSURE OF ADDITIONAL INFORMATION

Code on Corporate Governance Practices *(continued)*

5. Meetings

In the Period the Company had convened only one regular Board meeting, for which only an 8 day's prior notice had been given in accordance with the Articles, while pursuant to Code Provision A.1.3, a prior notice of at least 14 days should be given of a regular Board meeting. The Company will make its best effort to ensure full compliance in this regard in future.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standards set out in the Model Code during the Period.

Audit Committee Review

The Company has an Audit Committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the three INEDs of the Company.

The Audit Committee has reviewed with the management the accounting principles and policies adopted by the Group and the unaudited interim financial reports for the six months ended 30 June 2005. However, the Audit Committee has not undertaken detailed independent audit checks.

On behalf of the Board

Lam Ping Kei

Chairman

Hong Kong, 21 September 2005